

Renewable Energy/Energy Efficiency Program

\$600.000 or less

GUARANTEED LOAN Review Checklist

USDA-Rural Development - Section 9006 Guaranteed Loan Review Checklist – 4280-B

Federal Catalog # 10.775

Lender Name _____

Address _____

Applicant Name _____

Applicant Address _____

Name of Project _____

Location of Project _____

Type of Project _____ *Renewable*
(a process that **produces** energy)
_____ *Energy Efficiency*
(Improvements that **reduce** energy consumption)

Guaranteed Loan Request _____

Grant Request _____

Project Description _____

The amount of the guaranteed loan cannot exceed **50%** of eligible project costs.

There are 6 questions to be answered

- 1. Is the applicant eligible?***
- 2. Is the project eligible?***
- 3. Is the application complete?***
- 4. Does the project meet funding requirements?***
- 5. Did the technical requirements report pass?***
- 6. How does the application score (national competition)?***

An **original and one copy** of the complete application should be submitted.

Accompanying procedure:
4279-A covers 4279.1 to 4279.100
4279-B covers 4279.101 to 4279.200 and
Appendixes A, B, C, and D.
4287-B Servicing G-B&I loans

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project per applicant may be submitted.

This document is used by Iowa Rural Development Staff to review renewable energy and energy efficiency guaranteed applications and provide the agency documentation necessary for the borrower file.

4280.129 - Evaluation of guaranteed loan applications

(a) The Agency will evaluate each application to confirm that both the borrower and project are eligible, the project has technical merit, there is reasonable assurance of repayment, there is sufficient collateral and equity and the proposed loan complies with all applicable statutes and regulations. If the Agency determines it is unable to guarantee the loan, the lender will be informed in writing. Such notification will include the reasons for denial of the guarantee.

(b) If either the borrower or the project is ineligible, the Agency will inform the lender in writing of the reasons and provide any appeal rights. No further evaluation of the application will occur.

(c) Incomplete applications. If the application is incomplete, the Agency will identify those parts of the application that are incomplete and return it, with a written explanation, to the lender for possible future resubmission. Upon receipt of a complete application, the Agency will complete its evaluation.

Is the Application Complete?

Was the document submitted and/or the requirement met?

4280.128 (c) Application content for guaranteed loans \$600,000 or less. Applications and documentation for guaranteed loans \$600,000 or less must comply with paragraphs (c)(1)(i) through (iii) of this section.

APPLICANT/BORROWER

(1) Guaranteed loan application content. Applications and documentation for guaranteed loans \$600,000 or less must provide the required information organized pursuant to a Table of Contents in a chapter format presented in the order shown in 4280.111 (b)(2) through (8), except as specified in paragraphs (c)(1)(i) through (iii) of this section.

4280.111 (b)

(2) Table of Contents. Include page numbers for each component of the application in the table of contents. Begin pagination immediately following the table of contents.

(3) Project Summary – Provide a concise summary of the proposed project and applicant information, project purpose and need, and project goals including the following:

(i) **Title.** Provide a descriptive title of the project (identified on SF 424).

(ii) **Applicant Eligibility.** Describe how each of the criteria, identified in 4280.107 (a) (1) through (5), is met. *Please note the (5) is not required since it pertains to financial need.*

4280.107 (a)

(1) The applicant or borrower must be an **agricultural producer** or a **rural small business**.

*An agricultural producer is an individual or entity directly engaged in the production of agricultural products, including crops (including farming); livestock (including ranching); forestry products; hydroponics; nursery stock; or aquaculture, whereby **50% or greater of their gross income** is derived from the operations.*

Is there a tax ID #? _____ Is there evidence provided that more than 50% of income is from Agriculture production? _____ (Pg. 1 of previous year income tax return + Schedule F)

An entity is considered a small business in accordance with the Small Business Administrations (SBA) small business size standards by NAICS found in Title 13 CFR part 121. A private entity including a sole proprietorship, partnership, corporation, cooperative (including a cooperative qualified under section 501(c)(12) of the Internal Revenue Code), and an electric utility including a Tribal or governmental electric utility that provides service to rural consumers on a cost of service basis without support from public funds or subsidy from the government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct Government control. With the exception of the entities described above, all other non-profit entities are excluded.

SBA small size standards can be found at <http://sba.gov/size/index.html>

Does the applicant meet the definition of small business? _____ If there a Fed Tax ID #? _____
NAICS Code for business type _____ Is the entity listed in the Secretary of State's database? _____
NAICS Code limitations _____

(2) Individuals must be a **citizens of the U.S.** or reside in the U.S. after being legally admitted for permanent residence.

Is there a statement regarding their citizenship status? _____

(3) Entities must be at least **51% owned**, directly or indirectly, by individuals who are either **citizens of the U.S.** or reside in the U.S. after being legally admitted for permanent residence.

Is there a statement regarding their citizenship status? _____

(4) Applicants and owners will be ineligible to receive funds under this subpart –

(i) If an applicant or owner that has an outstanding judgment obtained by the U.S. in a **Federal court (other than in the U.S. Tax Court)**, is **delinquent** in paying **Federal income taxes**, or is delinquent on a **federal debt**, the applicant is not eligible to receive a grant, direct loan, or guaranteed loan until the judgment is paid in full or otherwise satisfied or the delinquency is resolved.

(ii) If an applicant has been debarred from receiving Federal assistance, the applicant is not eligible to receive a grant, direct loan, or guaranteed loan under this subpart.

Check CAIVRS _____, 1940-M _____, and Excluded Parties _____ for answer.

Has the applicant or owner addressed the above issues in their application? _____

4280.107 - The applicant is _____ eligible _____ not eligible

Reviewer _____

Date _____

Is the Application Complete?

Was the document submitted
and/or the requirement met?

(3) Project Summary (cont'd)

(iii) Project eligibility 4280.108 – Describe how each criteria (a) through (g) is met.

- (a) The project must be for the purchase of a renewable energy system or to make energy efficiency improvements.
Clearly state whether the application is for the purchase of a renewable energy system (*including making necessary capital improvements to an existing renewable energy system*) or to make energy efficiency improvements.

Response must include a brief description of the system or improvement.
This description must be sufficient to provide the reader with a frame of reference when reviewing the rest of the application. Additional project description information may be needed later in the application.

- (b) The project must be for a pre-commercial or commercially available, and replicable technology.
Is there information presented to support this?

Pre-commercial technology – Technologies that have emerged through the research and development process and have technical and economic potential for commercial application, but are not yet commercially available.

Commercially available - A system that has a proven operating history specific to the proposed application. Such a system is based on established design, and installation procedures and practice. Professional service providers, trades, large construction equipment providers, and labor are familiar with installation procedures and practices. Proprietary and balance of system equipment and spare parts are readily available. Service is readily available to properly maintain and operate system. An established warranty exists for parts, labor, and performance.

- (c) The project must have technical merit, as determined using the procedures specified in 4280.112(d).

In your opinion, does the project have technical merit? _____
Keep in mind that the final decision will be NREL's.

- (d) The project must be located in a rural area, as defined in 4280.103

Definition of rural: Any area other than a city or town that has a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to such a city or town according to the latest decennial census of the U.S.

Project in _____ 2000 pop. census _____
In an urbanized area? _____

- (e) The applicant must be the owner of the project and control the revenues and expenses of the project, including the operation and maintenance. A third party under contract to the owner may be used to control revenues and expenses and manage the operation and/or maintenance of the project.

Is there an explanation of the required information listed above? _____

- (f) Sites must be controlled by the agricultural producer or small business for the financing term of any associated Federal loans or loan guarantees.

Is there documentation to support this? _____

- (g) Satisfactory sources of revenue in an amount sufficient to provide for the operation, management, maintenance, and debt service of the project must be available for the life of the project.

Is there documentation to support this? _____

4280.108 The project is _____ eligible _____ not eligible.

Reviewer _____ Date _____

Is the Application Complete?	
Was the document submitted and/or the requirement met?	
	<p>(3) Project Summary (cont'd)</p> <p>(iv) Operation Description. Provide a description of the ownership of the applicant, including a list of individuals and/or entities with ownership interest, names of any corporate parents, affiliates, and subsidiaries, as well as a description of the relationship, including products, between these entities</p>
	<p>(v) Financial Information for size determination. Provide financial information to allow the Agency to determine the applicant's size. All information submitted under this paragraph must be substantiated by authoritative records.</p> <p>(A) Rural small businesses must provide sufficient information to determine total annual receipts for and number of employees of the business and any parent, subsidiary, or affiliates at other locations. Voluntarily providing tax returns is one means of satisfying this requirement. The information provided must be sufficient for the Agency to make a determination of business size as defined by SBA.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Total Annual Receipts – The total income or gross income (sole proprietorship) plus cost of goods sold.</p> </div> <p>(B) Agricultural producers: Provide the gross market value of your agricultural products, gross agricultural income, and gross non-farm income of the applicant for the calendar year preceding the year in which you submit your application. (page 1 of previous year income tax return + Schedule F)</p>
	<p>(4) Financial Information – Financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. All information submitted under this paragraph must be substantiated by authoritative records.</p> <p>(i) Historical financial statements prepared in accordance with Generally Accepted Accounting Practices (GAAP) for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders.</p> <p>(ii) Current balance sheet and income statement – Provide a current balance sheet and income statement prepared in accordance with generally accepted accounting principles (GAAP) and dated within 90 days of the application. Agricultural producers should present financial information in the format that is generally required by commercial agriculture lenders.</p> <p>(iii) Pro Forma balance sheet – Provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.</p> <p>(iv) Demonstration of Financial Need – Provide sufficient information or documentation that allows the Agency to make its own determination of the applicant's financial need.</p>
	<p>(5) Matching funds. Submit a spreadsheet identifying sources of matching funds, amounts and status of matching funds. The spreadsheet will also include a directory of matching funds source contact information. Attach any applications, correspondence, or other written communication between applicant and matching fund source.</p> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p>Without specific statutory authority, other Federal grant awards and applicant in-kind contributions cannot be used to meet the matching fund requirement. Third-party, in-kind contributions are limited to 10% of the matching fund requirement of the grant. The Agency will advise if the third-party, in-kind contributions are acceptable in accordance with 7 CFR part 3015.</p> </div> <div style="border: 1px solid black; padding: 5px; width: 45%; background-color: #FFDAB9;"> <p>Passive third party equity contributions are acceptable for renewable energy system projects, including those that are eligible for Federal production tax credits, provided the applicant meets the requirements of Section 4280.107 (applicant eligibility).</p> </div> </div>
	<p>(6) Self evaluation score. Self-score the project using the evaluation criteria 4280.112. To justify the score, submit the total score along with appropriate calculations and attached documentation, or specific cross- references to information elsewhere in the application.</p> <p>Use Appendix C – Scoring Guideline to complete the evaluation.</p>

Is the Application Complete?													
Was the document submitted and/or the requirement met?													
For Each Energy Efficiency Project	ENERGY ASSESSMENT OR ENERGY AUDIT 4280.111(b)(7)(ii)(B)												
	<p>Either an energy assessment or an energy audit is required for energy efficiency improvement projects. For energy efficiency improvement projects with <u>total eligible project costs greater than \$50,000</u>, an energy audit must be conducted by or reviewed and certified by an energy auditor. For energy efficiency improvement projects with total eligible project costs of <u>\$50,000 or less</u>, an energy assessment or an energy audit may be conducted by either an energy assessor or an energy auditor.</p> <div><p>Energy assessment – a report conducted by an experienced energy assessor, certified energy manager or professional engineer assessing energy cost and efficiency by analyzing energy bills and briefly surveying the target building, machinery or system. The report identifies and provides a savings and cost analysis of low-cost/no-cost measures. The report will estimate the overall costs and expected energy savings from these improvements, and dollars saved per year. The report will estimate weighted-average payback period in years.</p><p>Energy audit – A report conducted by a Certified Energy Manager or Professional Engineer that focuses on potential capital-intensive projects and involves detailed gathering of field data and engineering analysis. The report will provide detailed project cost and savings information with a high level of confidence sufficient for major capital investment decisions. It will estimate costs, expected energy savings from the subject improvements, and dollars saved per year. The report will estimate weighted-average payback period in years.</p></div>												
FOR ALL PROJECTS	<p>4280.128(c)(1)(ii)</p> <p>(A) For renewable energy projects and energy efficiency projects utilizing commercially available systems or improvements with total eligible project costs of <u>\$200,000 or less</u>, submit a Technical Report, which as described in Appendix A of this subpart. If a renewable energy project does not fit one of the technologies identified in Appendix A, the applicant must submit a Technical Report that conforms to the overall outline and subjects specified in 4280.111(b)(7)(ii)(G).</p> <p>(B) For renewable energy projects and energy efficiency projects utilizing <u>pre-commercial technology</u> or with total eligible project costs <u>greater than \$200,000 and up and including \$600,000</u>, submit a Technical Report as described in Appendix B of this subpart and as specified in 4280.111(b)(7)(ii)(G)(1) through (10), as applicable.</p> <p>(a) The Technical report must demonstrate that the renewable energy system or energy efficiency improvement project can be installed and perform as intended in a reliable, safe, cost effective, and legally compliant manner.</p> <p>(b) An energy assessment or energy audit is required for all energy efficiency projects (see previous page).</p> <p>(c) The services of a professional engineer (P.E.) or team of licensed PE's are required</p> <ul style="list-style-type: none">- on renewable energy projects with total eligible projects costs exceeding \$400,000.- and for energy efficiency projects with total eligible project costs exceeding \$200,000. <p>Services include a design review, installation monitoring, testing prior to commercial operation and project completion certification.</p> <p>(d) Projects exceeding total eligible costs of \$1,200,000, the technical report must be reviewed and include an opinion and recommendation by a independent qualified consultant.</p> <p>(e) Technical Reports prepared prior to the applicant's selection of a final design, equipment vendor, or prime contractor, or other significant decision may be modified and resubmitted to the Agency, provided the overall scope of the project is not materially changed as determined by the Agency. Changes in the Technical Report must be accompanied by an updated form RD 1940-20.</p> <p>(f) All information provided in the Technical Report will be evaluated against the requirements provided in Appendix B of this subpart. Any Technical Report not prepared in the following format and in accordance with Appendix B, where applicable, will be penalized under scoring for technical merit.</p> <p>(g) All Technical Reports shall follow the outline presented below and shall contain the information described in 1-10 (below).</p> <p>If none of the technical reports in Appendix B apply to the proposed technology, the applicant may submit a Technical Report that conforms to the overall outline and subjects specified in 1-10 (below).</p> <p>For Technical Reports prepared for technologies not identified in Appendix B, the Agency will review the reports and notify, in writing, the applicant of the changes to the report required in order for the Agency to accept the report.</p> <p>A Technical report not prepared in the following format and the guidance documents will be penalized under Scoring for technical merit.</p> <table><tr><td>(1) Qualifications of the project team</td><td>(5) Project Development</td><td>(9) Operations and Maintenance</td></tr><tr><td>(2) Agreements and Permits</td><td>(6) Project Economic Assessment</td><td>(10) Dismantling and disposal of project components</td></tr><tr><td>(3) Energy/Resource Assessment</td><td>(7) Equipment Procurement</td><td></td></tr><tr><td>(4) Design and engineering</td><td>(8) Equipment Installation</td><td></td></tr></table>	(1) Qualifications of the project team	(5) Project Development	(9) Operations and Maintenance	(2) Agreements and Permits	(6) Project Economic Assessment	(10) Dismantling and disposal of project components	(3) Energy/Resource Assessment	(7) Equipment Procurement		(4) Design and engineering	(8) Equipment Installation	
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(4) Design and engineering	(8) Equipment Installation												
For Each Renewable Energy Project	<p>(C) Business-level feasibility study for renewable energy systems. For each application for a renewable energy system project in <u>excess of \$200,000</u> submitted by a start-up or existing business, a <u>business-level feasibility study</u> by an <u>independent qualified consultant</u> will be required by the Agency when the project will significantly affect the borrower's operations. An acceptable business-level feasibility study must at least include an evaluation of economic, market, technical, financial, and management feasibility. Renewable energy projects with total eligible costs of \$200,000 or less are exempt from the feasibility study requirement.</p>												

Is the Application Complete?	
Was the document submitted and/or the requirement met?	
	4280.128 (c) Application content for guaranteed loans \$600,000 or less. Applications and documentation for guaranteed loans \$600,000 or less <u>must</u> comply with paragraphs (c) (1) and (2) of this section. (c) (2) Applications must use 4279-11A and include documentation in paragraphs (b) (2) (ii), (vii), (viii), (ix), (x), and (xii) of this section. The lender must have the documentation contained in paragraphs (b) (2) (iii), (iv), (v), (vi), and (xi) available in its files for the Agency's review.
LENDER	4280.128 (b)(2) Lender forms, certifications, and agreements. Each application submitted paragraph (c) of this section must contain applicable items described in paragraphs (b)(2)(i) through (xii) of this section.
	<p>(i) 4279-1A "Application for Loan Guarantee, Short Form" with the following, if not already submitted:</p> <ol style="list-style-type: none"> 31. Lender's complete written analysis, including spreadsheets of the balance sheets and income statements for the 3 previous years (for existing businesses), pro forma balance sheet at startup, and 2 years projected year-end balance sheets and income statements, with appropriate ratios and comparisons with industrial standards (such as Dun & Bradstreet or Robert Morris Associates). All data must be shown in total dollars and also in common size form, obtained by expressing all balance sheet items as a percentage of assets and all income and expense items as a percentage of sales. The lender's credit analysis must address the borrower's management, repayment ability including a cash-flow analysis, history of debt repayment, necessity of any debt refinancing, and the credit reports of the borrower, its principals, and any parent, affiliate, or subsidiary. The Section 9006 program requires 3 years of projected financial statements. – see (x) below 32. Lender's proposed loan agreement. – see (xii) below 33. Applicant's current (not more than 90 days old) business balance sheet. – see (viii) below 34. RD form 1940-20 "Request for Environmental Information", and attachments, unless the project is categorically excluded under Agency environmental regulations see (ii) below 35. Intergovernmental consultation comments in accordance with RD Inst. 1940-J and 7 CFR part 3015, subpart V. – NA in Iowa 36. Technical Report - see page 5 of this checklist
	(ii) 1940-20 "Request for Environmental Information"
Must be available in lender's files for the Agency's review.	(iii) A personal credit report for the borrower from an Agency approved credit reporting company for each owner, each partner, officer, director, key employee, and stockholder owning 20% or more interest in the borrower's business except passive investors and those corporations listed on a major stock exchange.
Must be available in lender's files for the Agency's review.	(iv) Appraisals completed in accordance with 4280.141. Completed appraisals should be submitted when the application is filed. If the appraisal has not been completed when the application is filed, the applicant must submit an estimated appraisal. In all cases, a completed appraisal must be submitted prior to the loan being closed.
Must be available in lender's files for the Agency's review.	(v) Commercial credit reports obtained by the lender on the borrower and any parent, affiliate, and subsidiary firms.
Must be available in lender's files for the Agency's review.	(vi) Current personal and corporate financial statements of any guarantors
NA in Iowa	(vii) Intergovernmental consultation comments in accordance with 7 CFR part 3015, subpart V, of this title.
This is the same information indicated on page 4 as part of the applicant's information.	<p>(viii) Financial Statements. Financial statements as specified in 4280.111(b)(4)(i) through (iii). Financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. All information submitted under this paragraph must be substantiated by authoritative records.</p> <p>(4) Financial Information – Financial information is required on the total operation of the agricultural producer/rural small business and its parent, subsidiary, or affiliates at other locations. All information submitted under this paragraph must be substantiated by authoritative records.</p> <ol style="list-style-type: none"> (i) Historical financial statements prepared in accordance with Generally Accepted Accounting Practices (GAAP) for the past 3 years, including income statements and balance sheets. If agricultural producers are unable to present this information in accordance with GAAP, they may instead present financial information for the past years in the format that is generally required by commercial agriculture lenders. (ii) Current balance sheet and income statement – Provide a current balance sheet and income statement prepared in accordance with generally accepted accounting principles (GAAP) and dated within 90 days of the application. Agricultural producers should present financial information in the format that is generally required by commercial agriculture lenders. (iii) Pro Forma balance sheet – Provide pro forma balance sheet at startup of the agricultural producer's/rural small business' business that reflects the use of the loan proceeds or grant award; and 3 additional years, indicating the necessary start-up capital, operating capital, and short-term credit; and projected cash flow and income statements for 3 years supported by a list of assumptions showing the basis for the projections.
This is also requested on pg 5.	(ix) Business-level feasibility study, if required, by the Agency.

Is the Application Complete?	
Was the document submitted and/or the requirement met?	
	<p>4280.128 (b) (2)</p> <p>(x) Lender's complete comprehensive written analysis in accordance with 4280.139-Credit Quality</p> <p>The lender must determine credit quality and must address all of the elements of credit quality in a written credit analysis including adequacy of equity, cash flow, collateral, history, management, and the current status of the industry for which credit is to be extended.</p> <p>(a) <u>Cash flow</u> – All efforts will be made to structure debt so that the business has adequate debt coverage and the ability to accommodate expansion.</p> <p>(b) <u>Collateral</u> – Collateral must have documented value sufficient to protect the interest of the lender and the Agency. The discounted collateral value will normally be at least equal to the loan amount. Lenders will discount collateral consistent with sound loan-to-value policy. Guaranteed loans made under this subpart shall have at least parity position with guaranteed loans made under subpart B of part 4279 of this title.</p> <p>(c) <u>Industry</u>. The current status of the industry will be considered. Borrowers developing well established commercially available renewable energy systems with significant support infrastructure may be considered for better terms and conditions than those borrowers developing systems with limited infrastructure.</p> <p>(d) <u>Equity</u> – In determining the adequacy of equity, the lender must meet the criteria specified in paragraph (d) (1) of this section for loans over \$600,000 and the criteria in paragraph (d)(2) of this section for loans of \$600,000 or less. Cash equity injection, as discussed in paragraphs (d)(1) and (2) of this section, must be in the form of cash. Federal grant funds may be counted as cash.</p> <p>(2) <u>For loans of \$600,000 or less</u>, borrowers shall demonstrate evidence of <u>cash equity injection</u> in the project of <u>not less than 15 percent of eligible project costs</u>. The fair market value of equity in real property that is to be pledged as collateral for the loan may be substituted in whole or in part to meet the cash equity requirement. However, the appraisal completed to establish the fair market value of the real property must not be more than one year old and must meet Agency appraisal standards.</p> <p>(e) <u>Lien Priorities</u>. The entire loan will be secured by the same security with <u>equal lien priority</u> for the guaranteed and unguaranteed portions of the loan. The unguaranteed portion of the loan will neither be paid first nor given any preference or priority over the guaranteed portion. A parity or junior position may be considered provided that discounted collateral values are adequate to secure the loan in accordance with paragraph (b) of this section after considering prior liens.</p>
This certification is located on the 4279-1A Application form.	<p>(xi) A <u>certification</u> by the lender that it has completed a <u>comprehensive written analysis of the proposal</u>, the borrower is eligible, the loan is for authorized purposes with technical merit, and there is reasonable assurance of repayment ability based on the borrower's history, projections, equity, and the collateral to be obtained.</p>
	<p>(xii) A proposed Loan Agreement or a sample Loan Agreement with an attached list of the proposed Loan Agreement provisions. The following requirements must be addressed in the proposed or sample Loan Agreement:</p> <p>(A) Prohibition against assuming liabilities or obligations of others.</p> <p>(B) Restriction on dividend payments.</p> <p>(C) Limitation on the purchase or sale of equipment and fixed assets.</p> <p>(D) Limitation on compensation of officers and owners.</p> <p>(E) Minimum working capital or current ratio requirement.</p> <p>(F) Maximum debt-to-net worth ratio.</p> <p>(G) Restrictions concerning consolidations, mergers, or other circumstances.</p> <p>(H) Limitations on selling the business without the concurrence of the lender.</p> <p>(I) Repayment and amortization of the loan.</p> <p>(J) List of collateral and lien priority for the loan including a list of persons and corporations guaranteeing the loan with a schedule for providing the lender with personal and corporate financial statements. Financial statements on the corporate and personal guarantors must be updated at least annually once the guarantee is provided.</p> <p>(K) Type and frequency of financial statements to be required from the borrower for the duration of the loan.</p> <p>(L) The addition of any requirements imposed by the Agency in Form RD 4279-3.</p> <p>(M) A reserved section for any Agency environmental requirement.</p> <p>(N) A provision for the lender or the Agency to have reasonable access to the project and its performance information during its useful life or the term of the loan, whichever is greater, including the periodic inspection of the project by a representative of the Lender or the Agency.</p>

The application is _____ complete _____ not complete.

Comments:

Reviewer _____ Date _____

Does the Project meet Funding Requirements? 4280.123

Funds may be used only for certain specified project costs, provided these costs are an integral and necessary part of the total project.

Is the proposal for eligible project costs? (e)	(e) Eligible project costs are only those costs associated with the items identified in paragraphs (e)(1) through (11) of this section, as long as the items are an integral and necessary part of the renewable energy system or energy efficiency improvement.
\$	(1) Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment, and vehicles.
\$	(2) Post application construction or improvements, except residential.
\$	(3) Energy audits or assessments
\$	(4) Permit and license fees
\$	(5) Professional service fees, except for application preparation
\$	(6) Feasibility studies and Technical Reports
\$	(7) Business plans
\$	(8) Retrofitting
\$	(9) Construction of a new energy efficient facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide more energy savings than improving an existing facility. Only costs identified in the energy audit for energy efficiency improvements are allowed.
\$	(10) Working capital
\$	(11) Land Acquisition
\$	TOTAL ELIGIBLE COSTS

\$ _____ Total Project Costs

\$ _____ - Minus Ineligible Project Costs

\$ _____ = Equals Total Eligible Project Costs X 50% = \$ _____ = Maximum Guaranteed Loan

Compared to Guaranteed Loan Request of \$ _____

Total Eligible Project Costs \$ _____

Minus Guaranteed Loan \$ _____

Equals Matching Funds Needed \$ _____

Note: As per 4280.122 – In addition, guaranteed loan funds may be used for necessary capital improvements to an existing renewable energy system.

Funding Requirement 4280.123	Funding Guideline	Does the proposal meet the guidelines? What is proposed?
(a) The amount of loan made available to an eligible project will not exceed	50% of total eligible project costs.	
(b) Minimum level of funding	\$5000 less any grant amounts	
(b) Maximum amount of guaranteed loan made to a borrower	\$10,000,000	
(c) Maximum percentage of guarantee – The percentage of guarantee, up to the maximum allowed by this section, will be negotiated between the lender and the Agency.	Loans of \$600,000 or less –85% Loans over \$600,000 but up to and including \$5 million - 80% Loans greater than \$5 million up to and including \$10 million - 70%	
(d) The total amount of the loans guaranteed by the Agency under this program to one borrower, including the outstanding principal and interest balance of any existing loans guaranteed by the Agency under this program, and new loan request, must not exceed \$10 million.		
4280.124 The Interest Rate will be negotiated between the lender and the applicant and may be either fixed or variable as long as it is a legal rate. The variable rate must be based on published indices, such as money market indices. In no case, however, shall the rate be more than the rate customarily charged in similar circumstances in the ordinary course of business. The interest rate is subject to Agency review and approval.	Can be fixed or variable as long as it is a legal rate.	
<p>4280.125 – (a) Maximum Repayment</p> <p>(1) Real Estate – maximum of 30 years</p> <p>(2) Machinery & equipment – 20 years, or the useful life including rebuilds & component replacement, whichever is less</p> <p>(3) Combined loans on real estate & equipment must not exceed 30 yr.</p> <p>(4) Working Capital – maximum of 7 years</p> <p>(b) The first installment of principal and interest will, if possible, be scheduled for payment after the project is operational and has begun to generate income.</p> <p>(c) Payment terms must comply with 4279.126(d) of this chapter (annual renewal fee).</p> <p>(d) The maturity of a loan will be based on the use of proceeds, the useful life of the assets being financed, and the borrower's ability to repay.</p> <p>(e) All loans guaranteed through this program must be sound, with reasonably assured repayment.</p> <p>(f) Guarantees must be provided only after consideration is given to the borrower's overall credit quality and to the terms and conditions of renewable energy and energy efficiency subsidies, tax credits, and other such incentives,</p> <p>(g) A principal plus interest repayment schedule is permissible.</p>		
4280.126		
Maximum Guarantee fee percentage –The Agency will establish each year the guarantee fee and annual renewal fee and a notice will be published in the Federal Register. Paid to the Agency by the lender and is nonrefundable. The fee may be passed on to the borrower. The fee must be paid at the time the Loan Note Guarantee is issued.	Maximum of 1%	
Maximum Annual renewal fee percentage–The Agency will establish each year the guarantee fee and annual renewal fee and a notice will be published in the Federal Register. The fee will be calculated on the unpaid principal balance as of COB on Dec. 31 of each year. It will be calculated by multiplying the outstanding principal balance times the percent of guarantee times the annual renewal fee. The fee will be billed to the lender in accordance with the Federal Register publication. The annual renewal fee may <u>not</u> be passed on the borrower.	Maximum of .5%	

The application _____ meets funding requirements _____ does not meet funding requirements.
Comments:

Reviewer_____ Date_____

7/31/06

	Yes	No
Question 1 – Is the Applicant Eligible?		
Question 2 – Is the Project Eligible?		
Question 3 – Is the Application Complete?		
Question 4 – Does the Project meet Funding Requirements?		
Question 5 – Did the technical requirements report pass? The National Renewable Energy Lab (NREL) makes this determination. What points did they award for the technical merit score?		
Question 6 – How does the Application Score? This is a nationwide competition. Use the score sheet (with documentation) submitted by the applicant, Use the NREL score for technical merit, and Double check and adjust, if necessary, the points for each evaluation criteria to determine the total final points to be awarded.		

Comments:

Reviewer _____ Date _____

Tracking system updated _____ by _____

I _____ recommend _____ do not recommend this project be forwarded
to the National Office for consideration of funding.

_____ Date _____

Business-Cooperative Program Manager, Rural Development

4280.105 - Appeals – If adversely affected by an Agency decision, a determination of appealability can be requested from the Director, National Appeals Division, USDA, within 30 days of the adverse decision.

4280.130 Eligible Lenders. Eligible lenders are those identified in 4279.29 (a) excluding mortgage companies that are part of a bank holding company.